

Finance and Resources Committee

10.00am, Thursday, 12 August 2021

Supported Bus Service 400 – Extension via Waiver

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Wards	All
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1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
- 1.1.1 Approves an extension, via a waiver of the Council's Contract Standing Orders (CSOs) to support the off peak operation of the Lothian Buses service 400. This extension would be for a one year period with the option of a further year if necessary; and
 - 1.1.2 Notes the overall cost to the Council of this waiver will be in the region of £350,000 over this two year period. This remains within the existing annual supported bus services budget allocation.

Paul Lawrence

Executive Director of Place

Contact: Daisy Narayanan, Senior Manager – Placemaking and Mobility

E-mail: daisy.narayanan@edinburgh.gov.uk | Tel: 0131 469 3575

Supported Bus Service 400 – Extension via Waiver

2. Executive Summary

- 2.1 This report seeks approval to continue to extend a supported bus service contract with Lothian Buses for the number 400 off peak service, via a waiver of the Council's Contract Standing Orders (CSOs). This would be in place initially for one year, with the option of a further year if necessary. The overall cost to the Council of this waiver will be in the region of £350,000.
- 2.2 This extension via waiver is deemed necessary in order to allow post-COVID patronage and future viability of the service to be fully understood following the pandemic.

3. Background

- 3.1 Supported bus services perform an important function by filling in gaps in the commercial bus network.
- 3.2 The Council funds supported bus routes, principally:
 - 3.2.1 For social inclusion;
 - 3.2.2 To support local communities by enhancing public transport connectivity and accessibility; and
 - 3.2.3 To encourage modal shift to a more sustainable method of travel.
- 3.3 Generally, the Council financially supports bus services in response to community demand where commercial operations are considered to not meet local need. The supported bus allocation is currently in the region of £1.549m per annum and this provides direct subsidy for some stand-alone routes and service enhancements.
- 3.4 In addition, access to health facilities, retail centres, education, and employment for older people, those with disabilities and those from areas of social deprivation are factors in identifying supported routes.
- 3.5 The Lothian Buses Service 400 runs from Fort Kinnaird to Edinburgh Airport, via the Royal Infirmary, Fairmilehead, Oxgangs, Wester Hailes, Edinburgh Park, the

Gyle Centre and Gogarburn. The service delivers significant social, economic, and transport related benefits.

- 3.6 The Council currently contributes funding of around £175,000 per annum for this service to operate off-peak, as part of the supported bus services funding.
- 3.7 The original contract was awarded using the Framework Agreement which was in place at that time. This involved a finalised pool of authorised providers who competed, via the mini-competition procedure, to supply this supported service extension.
- 3.8 This service extension was procured utilising this process and the bids were evaluated on the basis of the most economically advantageous tender (MEAT) with a weighting of 70% for price and 30% for quality. This weighting highlights the greater emphasis towards price and is appropriate to highlight commerciality and the need for best value. The contract was awarded for four years up to 2 August 2020.
- 3.9 The contract was extended by a waiver to the Council's CSOs, approved under Delegated Authority, from August 2020 to March 2021 due to the coronavirus (COVID-19) pandemic and uncertainty in the market.
- 3.10 It had been intended to review the contract prior to the outbreak of COVID-19 as patronage figures indicated that the service may have been able to operate on a fully commercial basis, without financial assistance from the Council.
- 3.11 The pandemic has, however, had a significantly detrimental impact on public transport patronage and therefore, in order to keep the service operating throughout the day, a financial contribution remains necessary.

4. Main report

- 4.1 Lothian Buses operate the 400 peak time services commercially however the off-peak service was not considered commercially viable. Prior to the outbreak of COVID-19 there were signs that patronage for the off-peak service could have been sufficient to enable the service to become commercially viable. As noted above, a review was planned to investigate this in more detail.
- 4.2 However, in the current climate with passenger numbers so low and transport operators' staff numbers impacted by COVID-19 associated issues, it is not considered appropriate for the Council to progress with the review of this service or to tender this route via the current Council Framework at the present time.
- 4.3 It is therefore proposed to extend the current contract via a waiver to the Council's CSOs for a period of one year (from 1 April 2021 - March 2022), with the option to extend for a further year if conditions have not fully recovered.
- 4.4 The contractual payment would remain at the contracted rate approved when the original contract was awarded.

- 4.5 Approving this waiver will minimise the risk of any disruption to the current provision of the service and will minimise the adverse reputational risks to the Council of service disruption and resultant negative impact on the communities and destinations.

5. Next Steps

- 5.1 Subject to approval, it is anticipated that the service will continue to current timetable and, like other services, will be monitored and reviewed at regular intervals with a view to increasing frequency as passenger demand increases as a result of COVID-19 restrictions reducing.
- 5.2 The contract would be in place initially for one year and the service will be monitored on an on-going basis to assess its short and longer term viability.
- 5.3 Should it be considered that this service will continue to require support, by the end of this waiver extension a new procurement exercise will be in place.

6. Financial impact

- 6.1 The current revenue budget for supported bus services is an estimated £1.549m per annum.
- 6.2 The waiver payment is proposed to remain at the current contract rate which was the result of the previous tender process to demonstrate best value.
- 6.3 The cost of the service will therefore be around £175,000 per annum, with the total cost of the waiver up to £350,000.

7. Stakeholder/Community Impact

- 7.1 Financially supporting bus services has positive impacts by making public transport available for a variety of groups including the elderly, disabled, ethnic minorities, those on low incomes or unemployed, and those in urban peripheries or more rural environments to enhance inclusion, accessibility and mobility.
- 7.2 Should service provision for the 400 suffer disruption, the break or loss of service would negatively impact those users who rely on it.

8. Background reading/external references

- 8.1 None.

9. Appendices

- 9.1 None.